

DANIEL E. LUNGREN
Attorney General

State of California
DEPARTMENT OF JUSTICE



110 WEST A STREET, SUITE 1100
SAN DIEGO, CA 92101

P.O. BOX 85266
SAN DIEGO, CA 92186-5266
(619) 645-2001

FACSIMILE: (619) 645-2020
(619) 645-2012

December 24, 1997

Allan Abshez
Irell & Manella
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276

SENT BY FACSIMILE AND U.S. MAIL

RE: Mancuso v. Calif. State Coastal Conservancy, et al.
LASC No. BS 040197

Dear Mr. Abshez:

I have reviewed your draft of Exhibit D and the Settlement Agreement prepared after our December 19, 1997 editing session in your offices. The following are my suggested changes:

1. Exhibit D. The third sentence from the bottom should be edited to read as follows:

The Conservancy's indemnity and defense ~~and other~~ obligations ~~and covenants~~ described in this Exhibit shall survive any termination of this Settlement Agreement or the Closing as applicable if prior to said termination or closing an event occurs which triggers the Conservancy's indemnity and defense obligations. In that event, the Conservancy's obligations regarding that event shall continue until they are satisfied.

We do not want to suggest in this Exhibit that the Conservancy will have an indemnification obligation for events occurring after a termination or closing.

2. Settlement Agreement.

a. Page 8. On the 13th line from the bottom, the word "shall" should be stricken.

b. Page 11. We need to designate the escrow agent.

c. Page 12. 6 lines from the bottom the phrase "and the parties" after the word "Conservancy".

d. Page 13. 6 lines from the top, the word "and" should be followed by an "\or". 7 lines from the top, the phrase "as applicable" should be added after the word "upheld". 12 lines from the bottom, the phrase "and other instruments in escrow" should be added after the word "deed".

e. Page 19. 5 lines from the bottom, the phrase "and other recorded instruments" should be added after the word "deeds".

f. Page 14. On the third and eighth lines from the top, the word "alternate" should be stricken and the phrase "Access Program" should be capitalized. This is necessary in order to conform to the convention established at the beginning of the agreement.

g. Page 19. On the 13th line from the bottom, the word "preventing" should be changed to "prevent".

h. Page 22. On "c.", in addition to me, notice should also be sent to the State Coastal Conservancy, at 1330 Broadway, 11th Floor, Oakland, California 94612-2530.

i. Page 24. The last two lines of paragraph 18 should be modified as follows:

~~necessary to effectuate the intent of~~ fulfill its obligations under this Agreement.

j. Page 26. The word satisfaction is misspelled and the phrase Letter Detailing should probably be eliminated because we don't really have a letter any longer.

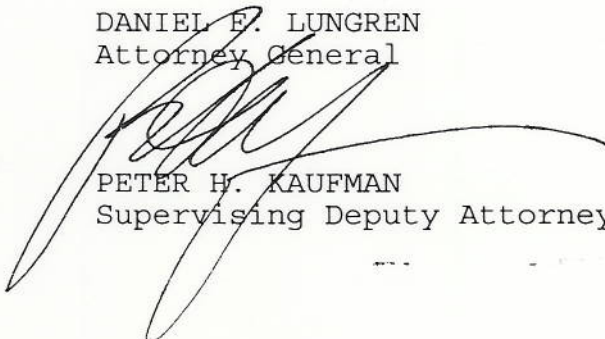
With these changes, the body of the settlement agreement and Exhibit D should be complete. All that appears necessary to complete are the Satisfaction of Judgment, the Escrow Instructions, the quitclaim deeds and the Easement and Offer descriptions. Marcia Grimm will provide us with the Quitclaim and Easement and Offer descriptions. It is my understanding that you are working on completing the escrow instructions and

Allan Abshez
December 24, 1997
Page 3

Satisfaction of Judgment by this Friday, December 26, 1997 as well as the meeting date with the Supervisor in January.

Sincerely,

DANIEL E. LUNGREN
Attorney General



PETER H. KAUFMAN
Supervising Deputy Attorney General

cc. Marcia Grimm

RECEIVED
DEC 26 1997
COASTAL CONSERVANCY
OAKLAND, CALIF.